

OPENING STATEMENT OF
REPRESENTATIVE JIM MATHESON
BEFORE THE
HOUSE COMMITTEE ON FINANCIAL SERVICES

*Department of Housing and Urban Development:
Fiscal Year 2004 Budget Request*

Mr. Chairman, Mr. Frank, members of the committee. I want to join you in welcoming Secretary Martinez today. I believe that the activities of the Department of Housing and Urban Development are some of the most important and the most valuable aspects of this committee's jurisdiction. I am grateful for this opportunity to inquire further about the Administration's plans for programmatic changes and funding of HUD within Fiscal Year 2004.

The importance of many of HUD's activities has been raised in my mind as many individuals throughout my state have felt the effects of an economic downturn. A sluggish economy has heightened the need for assistance in finding shelter, having a stable rent for a fixed income, or being able to achieve homeownership. Housing is always an integral part of survival and an essential element in the American dream. In many ways, when considering the lives of individuals, housing is one of the most important priorities.

For this reason I appreciate this opportunity to learn more about the Administration's proposals. I do not approach them in a partisan fashion. I believe that good ideas can come from any political party and ought to be embraced, no matter what the source. I think this is the independent, thoughtful approach that new ideas deserve. I am very supportive of the Administration's goals to reduce homelessness and increase homeownership. However, I have several concerns with the recent proposals that I would like to outline and about which I hope to learn more during this hearing and throughout the upcoming months as Congress considers them in more detail.

My first area of concern is related to the proposal to block grant Section 8. Historically, Section 8 has been administered directly through the local housing authorities that have budgeted, planned, and worked to administer this program based on the needs of their communities. I am concerned about the states' abilities to be as responsive to individual families. I am concerned about the allocation of vouchers and funds if they come through the states. I am concerned about the total number of vouchers that will be available to my constituents in particular regions. I would hope to gain some clarification on how this change is envisioned and what role the states would play. Initially, my inclination is to prefer fewer layers of bureaucracy.

In addition, I would like additional insight into the new minimum rent that has been proposed. I know how much many of my constituents, often the elderly and the disabled, struggle to pay for rent, food, utilities, and their prescription drugs now. I do not know how some of them could afford such changes, especially if their local housing authorities do not have flexibility to tailor programs to their needs. I am concerned about the burdens on these individuals.

Proposed decreases to operating funds for housing authorities shortly following cuts in capitol improvement funds may significantly strap local housing authorities. In my state there are not surplus funds going to administrative purposes for such programs. I need more information on this proposal.

In addition, there are several programs about which I am interested in better understanding the Administration's vision. The new Public Housing Reinvestment Initiative may have some promise for generating revenue, if in its implementation the level of affordable housing stock is at least maintained. However, there has not been sufficient information provided on the details of this proposal. The Neighborhood Reinvestment program and CDBG are critical to many in my community, but are not keeping up with inflation. I am interested in the long-term vision for these programs.

I also have concerns related to restrictions on HUD funding, such as those that exist related to lead based paint. Often these restrictions get in the way of effectively using HUD funds for necessary renovations. I would like to learn about any proposals that may help to increase the effectiveness of such programs.

Finally, I would like to raise an issue not integral to the FY 04 Budget, but important to my constituents. Specifically, the implications of extensive audits that HUD has recently conducted on HUD Outreach and Training Assistance Grant contractors. The funding suspensions that have accompanied these audits have left grantees in my state operating for the last six months without reimbursement. They are very concerned about having HUD respond to the audits and reactivate their funding, since they have been responsive to all the results of the audits. I would appreciate knowing what plans are in place for an expedited resolution of this situation.